Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TAI HING GROUP HOLDINGS LIMITED

太興集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6811)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the "Board") of Tai Hing Group Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021 as set out below:

FINANCIAL HIGHLIGHTS

- Affected by the pandemic in 2022, the Group's revenue decreased by approximately 15.7% to HK$2,675.2 million in 2022 (2021: HK$3,173.0 million). Loss attributable to owners of the Company for the year ended 31 December 2022 was HK$43.2 million (2021: profit attributable to owners of the Company of HK$99.7 million), including the impairment losses on property, plant and equipment and right-of-use assets of HK$40.2 million (2021: HK$46.5 million).

- Although the Group was inevitably affected when the pandemic worsened and anti-pandemic measures were tight, the Group actively optimized internal management, promptly adopted effective cost control measures, which help gross profit margin rise 0.3 percentage points to 72.6% (2021: 72.3%).

- The Group maintained a healthy and liquid financial position with cash and cash equivalents of HK$282.6 million as at 31 December 2022, and did not have any bank borrowings.

- The Board maintains a stable dividend policy and is confident in the future recovery of the operations of the Group and proposed a final dividend of HK2.50 cents per share (2021: HK4.95 cents per share). Together with the interim dividend of HK2.50 cents per share already paid, the proposed total dividend per share for the year ended 31 December 2022 will be HK5.00 cents per share (2021: HK7.45 cents per share).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
REVENUE	*5*	**2,675,166**	3,173,027
Cost of materials consumed		**(732,817)**	(878,279)
Gross profit		**1,942,349**	2,294,748
Other income and gains, net	*5*	**66,953**	51,995
Staff costs		**(949,299)**	(1,081,700)
Depreciation and amortisation		**(144,430)**	(157,650)
Amortisation of right-of-use assets, rental and related expenses, net		**(435,856)**	(453,807)
Other operating expenses, net		**(453,519)**	(443,915)
Impairment losses on property, plant and equipment and right-of-use assets, net		**(40,214)**	(46,512)
Finance costs	*6*	**(29,444)**	(34,855)
PROFIT/(LOSS) BEFORE TAX	*7*	**(43,460)**	128,304
Income tax credit/(expense)	*8*	**386**	(32,949)
PROFIT/(LOSS) FOR THE YEAR		**(43,074)**	95,355
Profit/(loss) for the year attributable to:			
Owners of the Company		**(43,153)**	99,716
Non-controlling interests		**79**	(4,361)
		(43,074)	95,355
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic	*10*	**(HK4.30 cents)**	HK9.94 cents
– Diluted	*10*	**(HK4.30 cents)**	HK9.92 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(43,074)**	95,355
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(23,741)**	4,909
Reclassification adjustment for foreign operations deregistered during the year	**–**	(326)
Other comprehensive income/(loss) for the year	**(23,741)**	4,583
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(66,815)**	99,938
Attributable to:		
Owners of the Company	**(66,403)**	103,846
Non-controlling interests	**(412)**	(3,908)
	(66,815)	99,938

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022** **HK$'000**	2021 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets		**1,759,675**	1,781,055
Investment properties		**35,424**	52,778
Intangible assets		**200**	–
Prepayments, deposits and other receivables		**130,349**	138,582
Deferred tax assets		**35,305**	30,560
Total non-current assets		**1,960,953**	2,002,975
CURRENT ASSETS			
Inventories		**89,237**	96,854
Trade receivables	*11*	**27,660**	28,087
Prepayments, deposits and other receivables		**149,383**	154,547
Tax recoverable		**625**	3,717
Cash and cash equivalents		**282,590**	452,607
		549,495	735,812
Non-current assets classified as held for sale		**2,209**	–
Total current assets		**551,704**	735,812
CURRENT LIABILITIES			
Trade payables	*12*	**99,138**	106,376
Other payables and accruals		**237,749**	241,256
Contract liabilities		**57,283**	73,359
Lease liabilities		**364,967**	400,647
Tax payable		**15,583**	30,859
Total current liabilities		**774,720**	852,497
NET CURRENT LIABILITIES		**(223,016)**	(116,685)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,737,937**	1,886,290

	Note	**2022**	2021
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**743,455**	755,405
Other payables and accruals		**33,255**	29,925
Deferred tax liabilities		**6,061**	5,782
Total non-current liabilities		**782,771**	791,112
Net assets		**955,166**	1,095,178
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*13*	**10,054**	10,036
Reserves		**943,880**	1,083,498
		953,934	1,093,534
Non-controlling interests		**1,232**	1,644
Total equity		**955,166**	1,095,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 11 December 2017. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 13/F, Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong.

The Company is an investment holding company. During the year, the Group was engaged in the operation and management of restaurants and sale of food products.

In the opinion of the directors of the Company (the "Directors"), Chun Fat Company Limited ("Chun Fat"), a company incorporated in the British Virgin Islands (the "BVI") on 30 November 2017, is the immediate and ultimate holding company of the Company.

On 13 June 2019, the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2.1 BASIS OF PRESENTATION

As at 31 December 2022, the Group had net current liabilities of HK$223,016,000 which included current portion of lease liabilities of HK$364,967,000 and contract liabilities of HK$57,283,000. The Directors believe that the Group has sufficient cash flows from operations to meet its liabilities as and when they fall due. Therefore, the consolidated financial statements are prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. Since the Group does not have any sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on geographical areas and has two reportable operating segments as follows:

(i) the Hong Kong, Macau and Taiwan segment is engaged in the operation of restaurants, and sale of food products in Hong Kong, Macau and Taiwan; and

(ii) the Mainland China segment is engaged in the operation of restaurants, and sale of food products in Mainland China.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that finance costs other than interest on lease liabilities are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, intangible assets and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Geographical information

For the years ended 31 December 2022 and 2021

	Hong Kong, Macau and Taiwan		Mainland China		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers*	**2,193,952**	2,462,372	**481,214**	710,655	**2,675,166**	3,173,027
Intersegment sales	**–**	–	**64,961**	129,299	**64,961**	129,299
Revenue	**2,193,952**	2,462,372	**546,175**	839,954	**2,740,127**	3,302,326
Reconciliation:						
Elimination of intersegment sales					**(64,961)**	(129,299)
					2,675,166	3,173,027
Segment results	**63,563**	169,151	**(106,505)**	(38,627)	**(42,942)**	130,524
Reconciliation:						
Elimination of intersegment results					**(518)**	(620)
Finance costs (other than interest on lease liabilities)					**–**	(1,600)
Profit/(loss) before tax					**(43,460)**	128,304

As at 31 December 2022 and 2021

	Hong Kong, Macau and Taiwan		Mainland China		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,639,755**	1,527,728	**554,182**	724,175	**2,193,937**	2,251,903
Reconciliation:						
Corporate and other unallocated assets					**318,720**	486,884
Total assets					**2,512,657**	2,738,787
Segment liabilities	**1,192,185**	1,120,256	**343,662**	486,712	**1,535,847**	1,606,968
Reconciliation:						
Corporate and other unallocated liabilities					**21,644**	36,641
Total liabilities					**1,557,491**	1,643,609

* The revenue information above is based on the locations of the customers.

Information about major customers

There was no revenue from customers individually contributing over 10% to the total revenue of the Group.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers		
(i) Disaggregated revenue information		
Types of goods or services		
Revenue from restaurant operations	**2,598,962**	3,105,745
Revenue from the sale of food products	**76,204**	67,282
Total revenue from contracts with customers	**2,675,166**	3,173,027
Geographical markets		
Hong Kong, Macau and Taiwan	**2,193,952**	2,462,372
Mainland China	**481,214**	710,655
Total revenue from contracts with customers	**2,675,166**	3,173,027
Timing of revenue recognition		
At a point in time	**2,675,166**	3,173,027

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Revenue recognised that was included in the contract liabilities at the beginning of the year – Restaurant operation	**47,833**	57,984

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Restaurant operations

The performance obligation is satisfied when the catering services have been provided to customers. The Group's trading terms with its customers are mainly on cash, credit card and electronic settlement. The credit period is generally less than one month.

Sale of food products

The performance obligation is satisfied upon delivery and acceptance of the products by the customers. The Group's trading terms with its customers are mainly on cash, credit card settlement and on credit. The credit period is generally one to two months.

	Year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Other income and gains, net		
Bank interest income	**2,282**	2,110
Rental income	**1,640**	1,392
Royalty income	**570**	526
Subsidies received from utility companies for purchases of items of property, plant and equipment	**2,893**	3,261
Fair value gain on investment properties, net	**326**	2,582
Government grants*	**51,949**	33,251
Gain on deregistration of subsidiaries	**–**	326
Others	**7,293**	8,547
	66,953	51,995

* Government grants during the years ended 31 December 2022 and 2021 included COVID-19 relief subsidies received. As at the end of the reporting periods, there were no unfulfilled conditions or other contingencies attaching to the subsidies and government grants that had been recognised by the Group.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Interest on bank borrowings	**–**	1,600
Interest on lease liabilities	**29,444**	33,255
	29,444	34,855

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Cost of materials consumed	**732,817**	878,279
Depreciation of items of property, plant and equipment	**144,430**	157,559
Amortisation of intangible assets	**–**	91
Amortisation of right-of-use assets*	**386,490**	416,928
Lease payments not included in the measurement of lease liabilities*	**26,380**	31,094
Covid-19-related rent concessions from lessors*	**(17,058)**	(17,331)
Contingent rents*	**7,484**	10,084
Gain on lease modification and termination*	**(20,048)**	(35,011)
Auditor's remuneration	**3,660**	3,500
Employee benefit expenses (including directors' and chief executive's remuneration):		
Salaries, allowances and benefits in kind	**934,526**	1,009,571
Employment support scheme subsidies***	**(58,137)**	–
Equity-settled share option expenses	**805**	863
Pension scheme contributions*****	**72,105**	71,266
	949,299	1,081,700
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**100**	49
Foreign exchange differences, net**	**785**	(70)
Impairment of items of property, plant and equipment, net	**10,288**	16,791
Impairment of right-of-use assets, net	**29,926**	29,721
Impairment of intangible assets	**–**	921
Loss on disposal of items of property, plant and equipment****	**25,079**	16,662
Fair value gain on investment properties, net	**(326)**	(2,582)
Utilities expenses****	**116,156**	117,811
Packing and consumables****	**32,641**	37,590
Cleaning expenses****	**30,449**	33,114
Transportation and logistics****	**35,454**	29,935

* These are included in "Amortisation of right-of-use assets, rental and related expenses, net" in profit or loss.

** Foreign exchange differences, net are included in "Other operating expenses, net" in profit or loss during the year ended 31 December 2022. In the prior year, the balances were included in "Other income and gains, net" in profit or loss.

*** Employment support scheme subsidies from HKSAR Government during the year ended 31 December 2022 are included in "Staff costs" in profit or loss.

**** These items are included in "Other operating expenses, net" in profit or loss.

***** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. INCOME TAX

Pursuant to the rules and regulation of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**7,341**	34,721
Overprovision in prior years	**(4,176)**	(827)
Current – Elsewhere	**646**	2,951
Deferred	**(4,197)**	(3,896)
Total tax charge/(credit) for the year	**(386)**	32,949

9. DIVIDENDS

	Year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Interim dividend – HK2.50 cents (2021: HK2.50 cents) per ordinary share	**25,135**	25,090
Proposed final dividend – HK2.50 cents (2021: HK4.95 cents) per ordinary share	**25,135**	49,678
	50,270	74,768

The proposed final dividend for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount for the year ended 31 December 2022 is based on the loss for the year attributable to owners of the Company of HK$43,153,000 (2021: profit for the year attributable to owners of the Company of HK$99,716,000) and the weighted average number of ordinary shares in issue of 1,004,446,000 (2021: 1,002,704,000) in issue during the year, as adjusted to reflect the shares issued during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2022 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the diluted earnings per share amount for the year ended 31 December 2021 was based on the profit for the year attributable to owners of the Company of HK$99,716,000. The weighted average number of ordinary shares used in the calculation was 1,002,704,000 in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 2,458,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

11. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**27,660**	28,087

The Group's trading terms with its customers are mainly on cash, credit card and electronic settlement. The credit period is generally a few days to two months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 1 month	**21,780**	21,775
1 to 2 months	**3,771**	4,116
2 to 3 months	**900**	980
Over 3 months	**1,209**	1,216
	27,660	28,087

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 HK$'000	2021 HK$'000
Within 1 month	**73,300**	91,609
1 to 2 months	**12,227**	10,749
2 to 3 months	**2,411**	426
Over 3 months	**11,200**	3,592
	99,138	106,376

13. ISSUED CAPITAL

	Number of shares	Share capital HK$'000
Authorised:		
Ordinary shares of HK0.01 each as at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	10,000,000,000	100,000
Issued and fully paid:		
As at 1 January 2021	1,001,873,000	10,019
Share options exercised *(note)*	1,723,000	17
As at 31 December 2021 and 1 January 2022	1,003,596,000	10,036
Share options exercised *(note)*	1,803,000	18
As at 31 December 2022	1,005,399,000	10,054

Note: During the year ended 31 December 2022, the subscription rights attaching to 1,803,000 (2021: 1,723,000) share options were exercised at the subscription price of HK$0.45 (2021: HK$0.45) per share, resulting in the issue of 1,803,000 (2021: 1,723,000) shares for a total cash consideration, before expenses, of approximately HK$811,000 (2021: HK$775,000). An amount of HK$3,952,000 (2021: HK$3,874,000) was transferred from the share option reserve to share premium upon the exercise of the share options.

14. SHARE OPTION SCHEMES

(a) Pre-IPO share option scheme

The Company operates a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Pre-IPO Share Option Scheme include senior management and employees of the Group. The Pre-IPO Share Option Scheme was approved and conditionally adopted by the shareholders of the Company on 22 May 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years from the effective date of the Pre-IPO Share Option Scheme.

There were 1,863,000 outstanding share options under the Pre-IPO Share Option Scheme as at 31 December 2021, 1,803,000 share options were exercised and 60,000 share options were forfeited during the year ended 31 December 2022, and there was no outstanding share options as at 31 December 2022.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

(b) Post-IPO share option scheme

The Company operates a post-IPO share option scheme (the "Post-IPO Share Option Scheme") for the purpose of motivating eligible persons to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain ongoing relationships with such eligible persons whose contributions are expected to be/will be beneficial to the Group. The Post-IPO Share Option Scheme was approved and conditionally adopted by the shareholders of the Company on 22 May 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years commencing on the effective date of the Post-IPO Share Option Scheme.

Since the Adoption Date of the Post-IPO share option scheme and up to 31 December 2022, no share options of the Company were granted, exercised, cancelled or lapsed under the Post-IPO Share Option Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The board of directors of Tai Hing Group Holdings Limited, together with its subsidiaries ("Tai Hing Group"), announces the annual results of the Group for the year ended 31 December 2022 (the "Review Year" or "FY2022").

At the beginning of the Review Year, the HKSAR Government imposed tighter yet anti-pandemic measures in the advent of the fifth wave of COVID-19 outbreak, sending the catering industry into a harsh winter. With the government gradually relaxing those restrictions starting from April and lifting various social distancing measures at the end of December, light began to pierce through the shadow cast by the pandemic, and the market gradually improved as consumption sentiment returned. Same as Hong Kong, the business environment in Mainland China was affected by the pandemic. However, in December, the Mainland government quickly cancelled many preventive measures, which paved the way for the return to normalcy.

Although the overall business environment of the catering industry has lightened up since the end of December in the Review Year, the Group was inevitably affected at the beginning of the year when the pandemic worsened and anti-pandemic measures were tight. Facing difficult market conditions, the Group actively optimised internal management, promptly adopted effective cost control measures, and consolidated its restaurant network to improve operational efficiency, showing its strong risk-resistance and resilience. During the Review Year, the Group recorded revenue of approximately HK$2,675.2 million (FY2021: HK$3,173.0 million) and gross profit of HK$1,942.3 million (FY2021: HK$2,294.7 million). Although affected by global inflation and food cost pressure, it maintained gross profit margin at 72.6% (FY2021: 72.3%) due to the effectiveness of the cost control measures. Loss attributable to owners of the Company was HK$43.2 million (FY2021: profit HK$99.7 million), including the impairment losses on property, plant and equipment and right-of-use assets of HK$40.2 million (2021: HK$46.5 million), basic loss per share was HK4.30 cents (FY2021: basic earnings per share HK 9.94 cents).

Albeit the challenging business environment, the Group implemented prudent financial management policies and precise cost control measures, enabling it to maintain a healthy financial position with sufficient cash on hand and steady operating cash flows for speeding up business development when the market heads back to normal. As at 31 December 2022, the Group had cash and cash equivalents which amounted to HK$282.6 million (as at 31 December 2021: HK$452.6 million) and no bank loans.

The Group maintains a stable dividend policy and is confident in future business recovery. The Board has resolved to propose a final dividend of HK2.50 cents per share for the year ended 31 December 2022. Together with the interim dividend of HK2.50 cents per share already paid, the proposed total dividend for FY2022 will be HK5.00 cents per share.

Other Income and Gains

Other income and gains mainly consist of government subsidies of HK$51.9 million (FY2021: HK$33.3 million), including subsidies relating to COVID-19 received by the Group. The increase in other income and gains was primarily due to the larger amount of subsidies received from the government in the Review Year.

Operating Costs

Cost of Materials Consumed

During the Review Year, the cost of materials consumed was HK$732.8 million (FY2021: HK$878.3 million) and, when expressed as a percentage of revenue, it decreased to 27.4% year-on-year (FY2021: 27.7%). Affected by inflation and rising food costs, the Group adopted the strategy of procurement at source in purchasing raw materials, then apportioned and processed them in its self-operated factories in Mainland China and Hong Kong. The practice, while helping save food costs, also allowed the Group to make good use of its production capacity to achieve economies of scale and also to ensure product quality. In addition, the Group regularly reviewed its menus and adjusted recipes to ensure ingredients were used most appropriately.

Staff Costs

During the Review Year, the Group actively optimised human resources management, including arranging staffers to work flexible hours, taking leave during non-peak periods, and adjusting business hours of branches. It also increased use of digital system and automation technology, including QR code self-ordering system, self-payment machines, etc. While optimizing the customer dining experience and improving the efficiency of ordering and payment, it also effectively streamlined front-line and back-office work processes, improved work efficiency and reduced manpower pressure. In addition, the Group received the government's pandemic-related relief subsidies, including from the "Employment Support Scheme", which were used to pay employees' salaries and wages. Staff costs amounted to HK$949.3 million in FY2022 (FY2021: HK$1,081.7 million), down 12.2% against last year.

Amortisation of Right-of-use Assets, Rental and Related Expenses

During the Review Year, the Group's amortisation of right-of-use assets, rental and related expenses amounted to HK$435.9 million (FY2021: HK$453.8 million), a 4.0% decrease against the previous year. To fully understand the rental trend of stores in the market, the Group set up an in-house team to analyse in depth the geographic locations and leasing terms of the stores in its restaurant network. Its aim is to be able to rent shops at prime locations at more affordable prices in preparing for business to return to normal. It also actively negotiated with landlords and obtained one-time rent reduction. The rent for lease renewals was also reduced.

Other operating expenses

In addition to the aforementioned costs, the Group's other operating expenses amounted to HK$453.5 million (FY2021: HK$443.9 million), representing an increase of 2.2% year-on-year. That was mainly attributable to the Group changing its sales strategy to focus on takeaway business amid the fifth wave of COVID-19 outbreak in Hong Kong at the beginning of the year, which pushed up the handling charges of takeaway platforms. Also, various factors in the external environment drove up international fuel prices. Hence, with the rise in local electricity fees, the operating cost of restaurants increased as well. To maintain production quality and enhance the customers' experiences, the Group spent more on repair and maintenance of equipment and facilities.

Impairment of property, plant and equipment and right-of-use assets

During the Review Year, the Group's impairment of property, plant and equipment and right-of-use assets was down by 13.5% to HK$40.2 million (FY2021: HK$46.5 million), with some of the newly established brands being expected to only reap profit in later years, and that the tourism in Hong Kong and China impacted by COVID-19 would not return to pre-pandemic levels in a short time, and thus certain urban outlets would need relatively more time to turn profitable again.

Industry and Geographical Analysis

A new wave of COVID-19 broke out in Hong Kong at the start of the Review Year. The government tightened anti-pandemic measures, hitting the catering industry first and the hardest. The Group, however, armed with flexible and highly efficient response capabilities, quickly strengthened its takeaway and delivery business, overcoming business limitations and was able to partially offset the blow on its dine-in operation. At the end of the year, the HKSAR Government began to substantially relax anti-pandemic measures which coincided with the advent of the festive season, the Group's revenue rebounded strongly. The above-mentioned business performance was in line with the overall market trend in Hong Kong. According to Hong Kong Census and Statistics Department figures, private consumption expenditure in Hong Kong in 2022 fell 1.0% in real terms when compared with 2021, but increased by 1.9% in real terms in the fourth quarter[1], reflective of the local economy having come out of the shadow of the pandemic at the beginning of the year and is improving.

As for Mainland China, the catering industry was subdued due to the strict anti-epidemic measures being enforced, including closed-loop management being implemented by the authorities during the Review Year. However, market conditions changed significantly after the State Council announced the large-scale relaxation of COVID-19 preventive and control measures within a short time in December. With the optimisation and adjustments in policies, offline consumption such as dine-in services at restaurants gradually resumed, boosting related spending. According to the National Bureau of Statistics, catering revenue between January and February 2023 increased by 9.2% year-on-year[2] . The Group has acted in advance of this eventuality, focusing during the Review Year on consolidating its store network, improving operational efficiency, maximising the effectiveness of its various brands and branches, and preparing itself fully for development after the market returns to normal.

Business Segment Analysis

Tai Hing Group is a multi-brand casual dining restaurant group rooted and boasting 33 years' presence in Hong Kong. Apart from its flagship "Tai Hing (太興)" brand, the Group has launched, acquired and licensed multiple brands, including "Men Wah Bing Teng (敏華冰廳)", "TeaWood (茶木)", "Asam Chicken Rice (亞參雞飯)", "Trusty Congee King (靠得住)", "Phở Lê (錦麗)", "Dao Cheng (稻埕飯店)", "Dimpot (點煲)", "Dumpling Station (餃子駅)", "King Fong Bing Teng (瓊芳冰廳)", "Tommy Yummy", "Tori Yoichi (鳥世一)" and "Sing Kee Seafood Restaurant" (星記海鮮飯店), offering customers diverse dining choices in its extensive brand portfolio.

[1] Hong Kong Census and Statistics Department
https://www.censtatd.gov.hk/tc/web_table.html?id=30

[2] National Bureau of Statistics of China
http://www.stats.gov.cn/english/PressRelease/202303/t20230317_1937555.html

During the Review Year, the Group strived to broaden its product offerings, fortify existing brand positionings, refresh its image and menus, and improve the operating competitiveness of its restaurants during different time intervals. It also introduced light and streamlined operating models for its existing brands to cater for the different preferences of customers. Moreover, new vigour was injected into the different brands to cement the Group's leadership in the casual dining market. As at 31 December 2022, the Group had a network of 209 restaurants (as at 31 December 2021: 219), among which, 207 restaurants were operated by the Group (as at 31 December 2021: 217) and 2 restaurants were operated by its franchisees (as at 31 December 2021: 2). The Group had 158 restaurants and 50 restaurants in Hong Kong and Mainland China, respectively, and one restaurant in Macau.

The Southeast Asian gourmet brand "Asam Chicken Rice", a new driving force of the Group, grew against market trend with revenue risen by a marked 33.4% year-on-year to HK$193.7 million (FY2021: HK$145.2 million), accounting for 7.2% of the Group's total revenue (FY2021: 4.6%)."Asam Chicken Rice" launches new dishes from time to time. In addition to signature dishes such as Hainanese Chicken Rice, La Salle Noodles, the restaurant also serves a variety of seasonal style dishes and desserts of Asian flavours, which do not only surprise customers, but also help its leadership among Southeast Asian restaurants. Some branches also offer side dishes to appeal to more family customers and boost competitiveness of the restaurant at dinner time to increase overall sales. The Group added five "Asam Chicken Rice" restaurants in core business and residential areas in Hong Kong and added one restaurant in Mainland China to better unleash the brand's growth potential.

"Men Wah Bing Teng", which offers Hong Kong-style nostalgic flavours, is also a key brand that the Group is developing. During the Review Year, "Men Wah Bing Teng" continued to adjust its menu, including adding new side dishes to push up dinner time customer flow, working hard to boost sales of the stores at different time of the day. The teams in Hong Kong and Mainland China continued to combine strengths, develop new products and launch marketing and promotion activities to create synergies. The Group also appointed popular singer Mike Tsang as spokesperson of the brand for both Hong Kong and Mainland China markets. This matched with a series of online and offline marketing and promotion activities which succeeded in stimulating product sales and increasing awareness of the brand in the two markets. "Men Wah Bing Teng" reported revenue of HK$719.8 million during the Review Year (FY2021: HK$760.5 million), accounting for 26.9% of the Group's total revenue (FY2021: 24.0%). It remained as the second major revenue contributor of the Group.

The Taiwanese leisure restaurant brand "TeaWood" actively revamped its brand during the Review Year, including renovating some stores turning them into new image stores, introducing new menus and offering own brand products. The Festival Walk and City One branches were changed to adopt a streamlined and light operating model with focus on simple food choices, hoping to give customers refreshing dining experiences. During the Review Year, revenue of "TeaWood" reached HK$272.8 million (FY2021: HK$364.6 million), making up 10.2% of the Group's total revenue (FY2021: 11.5%).

"Tai Hing", the Group's flagship brand, continued to develop steadily. During the Review Year, to break out of its traditional image and inject new vibe into the market, the Group for the first time appointed new-generation idols as spokespersons, who were featured in Tai Hing's milk tea advertisement. At the complement of promotion of Tai Hing canned drinks through various channels, the brand succeeded in capturing the attention of young customers way better than expected. During the Review Year, "Tai Hing" recorded revenue of HK$1,053.2 million (FY2021: HK$1,464.0 million), comprising 39.4% of the Group's total revenue (FY2021: 46.1%), being the most among all brands.

On the solid foundation of the above-mentioned core brands, the Group has been able to keep expanding into other catering realms. The Group has broadened its income source by conceiving novel brand concepts and carefully implementing them. During the Review Year, the Group launched a number of new trendy brands, including "Tommy Yummy" and "Tori Yoichi", and started operating the Michelin recommended brand "Sing Kee Seafood Restaurant", aiming to offer consumers more unique mid-range to high-end catering options and tap diverse customer sources, thereby enabling its business to cover target customer groups with different preferences.

Sustainable Development

Tai Hing Group has evolved from a Hong Kong-style siu mei fast food restaurant to a leading self-operated casual dining group in Hong Kong. Even after more than three decades in operation, the Group has stayed true to its original intention and adhered to the "Tai Hing Cares" spirit. Insisting on living that spirit, the Group joins hands with at least 10 social welfare organisations every year to organise volunteer activities to help the underprivileged and show care to the society. Moreover, the Group has created for employees a healthy and safe working environment. It has invested in automated and digital tools to reduce employees' work pressure and strain injuries while boosting productivity. In addition, it has continually switched to using energy-saving equipment in various operations to reduce carbon emissions and improve energy efficiency, taking different actions to support environmental protection and keep pace with the "carbon neutrality" trend. During the Review Year, Tai Hing Group was pleased to receive the "ESG Excellence Award" organised by the Chamber of Hong Kong Listed Companies and to win at "Directors of the Year Awards (Board Categories)" organised by the Hong Kong Institute of Directors, representative of the professional recognition it enjoys.

PROSPECT

Since the second half of 2022, the catering market in Hong Kong has begun to see the light of dawn. With dine-in restrictions gradually being lifted, plus the advent of the year-end festive season, eateries are filled with customers again, Hong Kong business revenue began to rebound, particularly in December, and thus Tai Hing Group is optimistic about the Hong Kong economy recovering. Moreover, the Group has made early plans like taking the initiative to adopt various cost control measures and consolidate internal resources. It is ready to move forward with a more efficient operation that helps it grasp the tremendous opportunities arising from returning to post-pandemic normality.

Tourism was once a pillar of Hong Kong's catering market. In February 2023, Hong Kong has officially lifted most entry restrictions. That, along with Mainland China is easing its anti-pandemic policy earlier, suggest that the tourism industry has started to gradually return to normal. In view of this, the Group will soon increase its branches at the Hong Kong International Airport, so as to provide passengers with more diverse dining choices. At the same time, it is carefully looking for shop spaces in various popular tourist spots. It may open new branches, provided that there are suitable locations and rents, to keep expanding its business footprint. Looking at Mainland China, the Group will keep a close watch on its recovery situations post-pandemic and it has already made plans with a focus on the Greater Bay Area. The expanded presence of the Group there and then will complement the existing large network of the Group in Hong Kong, enabling it to consolidate market leadership.

Operating multiple brands has become the Group's core strength and crossover between brands will be the Group's future development strategy. Tai Hing Group will consolidate the existing foundation of its major brands, such as "Tai Hing", "Men Wah Bing Teng", "TeaWood" and "Asam Chicken Rice", and by different means, such as developing delicious new cuisines and designing distinctive menus, to continue to broaden customer base, and drive other brands by cross-marketing. At the same time, it will flexibly integrate resources and adopt a streamlined and light operating model to optimise operational efficiency, give consumers new dining experiences, as well as enhance profitability. In addition, the Group also plans to use its brands to carry out cross-brand cooperation in order to attract different consumer groups, increase brand value and create synergies.

The Group will soon launch its first integrated mobile APP, which will provide one-stop service covering e-gift vouchers, self-pick up, takeaway delivery and pre-ordering, to not only add sales channels and reduce reliance on food delivery platforms but also foster customer loyalty, giving full play to business synergies. In the future, the Group will continue to step up investment in digital technology, including enhancing the maturity and stability of existing intelligent systems, so as to improve operational efficiency for providing customers with yet higher quality dining experiences.

Although the macroeconomy is still affected by uncertainties such as the interest rate hike cycle and geopolitics, the belief is that the worst time is coming to an end with the passing of the pandemic of the century. As a leader of more than 30 years in the casual dining market in Hong Kong, the Group boasts years of operating experience and a visionary management team, and thus it is confident of overcoming the challenges ahead and creating greater value for shareholders on the path to recovery.

FINAL DIVIDEND

The Board has proposed the payment of a final dividend of HK2.50 cents per share for the year ended 31 December 2022 (2021: HK4.95 cents) payable to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Thursday, 8 June 2023, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "Annual General Meeting"). Subject to the proposed final dividend being approved by the Shareholders, the dividend warrants of the proposed final dividend are expected to be despatched to the Shareholders on or before Friday, 23 June 2023.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the eligibility of the Shareholders to attend and vote at the Annual General Meeting or any adjournment of such meeting:

    The Annual General Meeting is scheduled to be held on Thursday, 1 June 2023. For determining the eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 29 May 2023 to Thursday, 1 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer forms duly accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 25 May 2023.

(2) For determining the entitlement of the Shareholders to the proposed final dividend:

For determining the entitlement to the proposed final dividend for the year ended 31 December 2022, the register of members of the Company will be closed from Wednesday, 7 June 2023 to Thursday, 8 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for the year ended 31 December 2022, all transfer forms duly accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 6 June 2023.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND OTHERS

Liquidity and Financial Resources

The principal sources of funds for the Group are through a combination of internally generated cash flows and proceeds received from listing of shares of the Company on the Stock Exchange on 13 June 2019 ("Listing"). As at 31 December 2022, the Group's cash and cash equivalents were approximately HK$282.6 million (2021: approximately HK$452.6 million), representing a decrease of approximately 37.6%, which were mainly for the purposes of opening new restaurants, enhancement and expansion of food factories in Hong Kong and Mainland China, and renovation of existing restaurants during the year. The majority of the bank deposits and cash were denominated in Hong Kong dollars and Renminbi. The additional funds raised from Listing would be used for implementing the future expansion plan.

As at 31 December 2022, the Group's total current assets and current liabilities were approximately HK$551.7 million (2021: approximately HK$735.8 million) and approximately HK$774.7 million (2021: approximately HK$852.5 million), respectively, while the current ratio of the Group (calculated by dividing total current assets by total current liabilities at the end of respective periods) was approximately 0.7 times (2021: approximately 0.9 times). After excluding current portion of lease liabilities and contract liabilities, the net current assets were approximately HK$199.2 million as at 31 December 2022 (31 December 2021: HK$357.3 million), while the adjusted current ratio (calculated by dividing total current assets by total current liabilities excluding current portion of lease liabilities and contract liabilities at the end of respective periods) was approximately 1.6 times (31 December 2021: approximately 1.9 times).

The Group did not have any interest-bearing bank borrowings as at 31 December 2022 (2021: Nil). During the year ended 31 December 2022, there were no financial instruments used for hedging purposes.

As at 31 December 2022, the gearing ratio of the Group was 56.8% (2021: 51.4%). The gearing ratio is calculated by dividing net debt by capital plus net debt. Net debt includes contract liabilities, lease liabilities, trade payables, other payables and accruals, less cash and cash equivalents. Capital represents the equity attributable to owners of the Company.

Foreign Currency Risk

The Group's revenue and costs are mostly denominated in Hong Kong dollars and Renminbi. The change in value of the Renminbi against the Hong Kong dollars may fluctuate and is affected by changes in China's political and economic conditions. The appreciation or devaluation of the Renminbi against Hong Kong dollars may affect the Group's results. The Group does not have any currency hedging policy and has not entered into any hedging or other instrument to reduce currency risks. The Group will continue to closely monitor the foreign currency exposure and take appropriate measures to minimize the risk when necessary.

Capital Expenditure and Commitment

During the Review Year, the Group's capital expenditure (excluding right-of-use assets) was HK$152.3 million (FY2021: HK$143.9 million). As at 31 December 2022, the Group's outstanding capital commitments were HK$10.8 million (31 December 2021: HK$13.3 million). The outstanding capital commitments consist of leasehold improvements and plant and machinery which are contracted, but not provided for, and will be fulfilled by the operating cash flow generated from ordinary business of the Group.

Contingent Liabilities

As at 31 December 2022, the Group had contingent liabilities of approximately HK$56.4 million (2021: approximately HK$48.5 million) in respect of bank guarantees given in favour of the landlords in lieu of rental deposits.

CHARGE ON GROUP ASSETS

As at 31 December 2022, the Group had certain property, plant and equipment and right-of-use assets with an aggregate net carrying value of approximately HK$229.6 million (31 December 2021: HK$239.0 million) were pledged to secure the bank facilities granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSAL

Save as disclosed herein, for the year ended 31 December 2022, the Group did not have any other material acquisitions and disposals of subsidiaries, associates, joint ventures, significant investments nor capital commitment. Apart from those disclosed herein, there was no plan for other material investments or additions of capital assets at the date of this announcement.

HUMAN RESOURCES

The Group had approximately 6,000 employees as at 31 December 2022 (31 December 2021: approximately 6,700). The emolument policy of the employees of the Group is set up by the senior management of the Group on the basis of their merit, qualifications and competence. The emoluments of the Directors and senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and prevailing market conditions.

SHARE OPTION SCHEMES

The Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme of the Company (the "Share Option Schemes") were approved and conditionally adopted pursuant to the resolutions passed by the Shareholders on 22 May 2019 for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group.

The principal terms of the Share Option Schemes are set out in "Appendix V (Statutory and General Information – D. Share Option Schemes)" to the Prospectus. During the year ended 31 December 2022, 1,803,000 share options were exercised and 60,000 share options were lapsed. There was no outstanding share option of the Company under the Pre-IPO Share Option Scheme as at 31 December 2022. No share options were granted under the Post-IPO Share Option Scheme from the date of Listing and up to 31 December 2022.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2022.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2022.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, they have confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 December 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.taihing.com). The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Tai Hing Group Holdings Limited
Chan Wing On
Chairman

Hong Kong, 28 March 2023

As at the date of this announcement, the Board comprises:

Executive Directors
Mr. Chan Wing On (Chairman), Mr. Yuen Chi Ming, Mr. Lau Hon Kee and Ms. Chan Shuk Fong

Non-Executive Director
Mr. Ho Ping Kee

Independent Non-Executive Directors
Mr. Mak Ping Leung (alias: Mak Wah Cheung), Mr. Wong Shiu Hoi Peter and Dr. Sat Chui Wan